



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 861 (as enacted)  
Sponsor: Senator Randy Richardville  
Senate Committee: Families, Seniors and Human Services  
House Committee: Families, Children, and Seniors

**PUBLIC ACT 306 of 2014**

Date Completed: 1-22-15

**CONTENT**

**The bill amended Public Act 249 of 1982, which establishes the Children's Trust Fund, to allow the disbursement of all annual contributions to the Fund plus 4.25% of its 12-quarter rolling average, rather than half of the contributions, for three fiscal years; and then allow the disbursement of 5.0% of the Fund's 12-quarter rolling average, if that average is at least \$23.5 million.**

The bill took effect October 10, 2014.

The Act creates the Children's Trust Fund as a charitable and educational endowment fund in the Department of Treasury. The State Treasurer must credit to the Fund all amounts appropriated for the Fund under Section 475 of the Income Tax Act, any amounts received under Section 811j of the Michigan Vehicle Code and Section 8 of the Child Abuse and Neglect Prevention Act, and amounts received from civil fines under the Playground Equipment Safety Act.

(Section 475 of the Income Tax Act allows individual taxpayers to make contribution designations to various funds, including the Children's Trust Fund. Section 811j of the Michigan Vehicle Code pertains to funds raised by the issuance of a Children's Trust fund-raising plate. Section 8 of the Child Abuse and Neglect Prevention Act allows the State Child Abuse and Neglect Prevention Board to accept Federal money and to solicit gifts, bequests, or donations of money, and requires the money received to be deposited in the Children's Trust Fund. Under the Playground Equipment Safety Act, civil fines may be ordered for manufacturing or assembling public playground equipment in violation of that Act, and fine revenue is dedicated to the Children's Trust Fund.)

Previously, not more than half of the money contributed to the Fund each year, including interest and earnings, but not including unrealized gains and losses, had to be available for disbursement upon authorization of the State Child Abuse and Neglect Prevention Board as provided in Section 9 of the Child Abuse and Neglect Prevention Act. Under that section, upon legislative appropriation, the Board may authorize money in the Fund to be spent for only the following purposes, in order of preference:

- The funding of a private nonprofit or public organization in the development or operation of a prevention program if the appropriate local council has reviewed and approved the program, the organization demonstrates an ability to match 50% of any Fund money

received, and the organization demonstrates a willingness and ability to provide model programs and consultations regarding program development and maintenance.

- The funding of a local council.
- The funding of the Board for its actual and necessary operating expenses.

The bill specifies that, beginning in fiscal year 2014-15, and continuing through fiscal year 2016-17, all money contributed to the Fund that year, plus 4.25% of the 12-quarter rolling average of the Fund, including unrealized gains and losses, must be available for disbursement upon authorization of the Board.

On October 1, 2017, if the rolling average of the Fund for the previous 12 quarters, including unrealized gains, is at least \$23.5 million, then, beginning in fiscal year 2017-18, up to 5.0% of the 12-quarter rolling average must be available for disbursement. If, on October 1, 2017, the rolling average of the Fund for the previous 12 quarters, including unrealized gains, is less than \$23.5 million, up to 4.25% of the 12-quarter rolling average must continue to be available for disbursement.

MCL 21.171

Legislative Analyst: Jeff Mann

### **FISCAL IMPACT**

The bill authorizes increased spending from the Children's Trust Fund beginning in FY 2014-15 by allowing all contributions to the Fund (including unrealized gains and losses) and up to 4.25% of the 12-quarter rolling Fund balance to be spent annually from FY 2014-15 to FY 2016-17. Beginning in FY 2017-18, use of up to 5.0% of the fund balance will be permitted only if the 12-quarter rolling balance as of October 1, 2017, is at least \$23.5 million. If the balance is below \$23.5 million on October 1, 2017, the annual spending limit will remain at 4.25% of the 12-quarter rolling balance. The additional spending will need to be approved by the Children's Trust Fund board and appropriated by the Legislature. If spending is increased pursuant to the bill, State payments available for child abuse prevention grants to providers of direct services, some of which are local governments, and to local child abuse prevention councils, will increase at least temporarily. The amount of funds available for distribution will depend on the actions of the Children's Trust Fund board, the level of enacted appropriations, investment returns, and contributions to the Fund.

State appropriations from the Children's Trust Fund are made in the budget for the Department of Human Services. Under Public Act 252 of 2014, the total authorized spending from the Children's Trust Fund is \$2,078,000 in FY 2014-15. This and approximately \$975,000 of Federal revenue support the FY 2014-15 line items for Children's Trust Fund Administration and Children's Trust Fund Grants. The State budget provides a small portion of the entity's total funding. The Michigan Comprehensive Annual Financial Report for FY 2012-13 shows the closing balance for the Children's Trust Fund as \$24,459,000 in FY 2012-13.

Fiscal Analyst: Elizabeth Pratt

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.